

CITY OF NEWPORT

ORDINANCE NO. 2071 **A**

AN ORDINANCE OF THE CITY OF NEWPORT, OREGON,  
AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS FOR  
A TOTAL OF NOT TO EXCEED \$18,000,000

WHEREAS, Oregon Revised Statutes ("ORS") Section 287A.150 and related provisions of ORS Chapter 287A (collectively, the "Statutes") permit the City of Newport, Oregon (the "City") to authorize revenue bonds for any public purpose, and to secure those bonds with any revenues or other property of the City; and,

WHEREAS, the Statutes permit the City to authorize revenue bonds by enacting a nonemergency ordinance, but prohibit the sale of those revenue bonds until the ordinance takes effect, thus allowing citizens to prevent the sale of the bonds by referring the ordinance and voting against its enactment; and,

WHEREAS, the City now finds it financially feasible and in the best interests of the City to authorize the issuance of water revenue bonds to finance capital improvements to the City's water system, including but not limited to, conversion to a new meter reading process and upgrades to the water infrastructure (collectively, the "Projects"); and,

WHEREAS, the City adopts this ordinance to authorize the issuance and sale of up to Eighteen Million Dollars (\$18,000,000) of water revenue bonds, which the City currently expects to issue in four series over the course of twelve years;

THE CITY OF NEWPORT ORDAINS AS FOLLOWS:

- SECTION 1: Revenue Bonds Authorized. The City hereby authorizes the issuance of not more than Eighteen Million Dollars (\$18,000,000) in aggregate principal amount of revenue bonds (the "Revenue Bonds") under the Statutes. The proceeds of the Revenue Bonds may be used to finance costs of the Projects, to fund debt service reserves, and to finance other costs related to issuing the Revenue Bonds. The Revenue Bonds shall be special obligations of the City that are payable solely from the net revenues of the Water System and related amounts that the City pledges to pay the Revenue Bonds.
- SECTION 2: No Additional Taxes Authorized; Bonds Payable Solely from Water System Revenues. Neither the authorization nor the issuance of the Revenue Bonds described in Section 1 of this ordinance shall authorize the City to levy any additional taxes.
- SECTION 3: Procedure. The Revenue Bonds shall not be sold until the period for referral of this nonemergency ordinance has expired and this ordinance takes effect. If this ordinance is referred, the City may not sell the Revenue Bonds unless the voters approve this ordinance.

SECTION 4: Bond Sale Authorized. When and if this ordinance takes effect the City Manager or his or her designee (each of whom is referred to herein as a "City Official") are hereby authorized, on behalf of the City and without further action by the City Council, to:

- 1) Issue the Revenue Bonds in one or more series and at different times.
- 2) Structure the Revenue Bonds in any form permitted by ORS Chapter 287A.
- 3) Pledge all or any portion of the net revenues of the City's water system to pay each series of Revenue Bonds, and determine the lien status of each pledge.
- 4) Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for any series of Revenue Bonds.
- 5) Establish the final principal amount, maturity schedule, interest payment dates, interest rates, denominations and all other terms for each series of Revenue Bonds.
- 6) Publish a notice of sale, receive bids, and award the sale of each series of Revenue Bonds to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters, commercial banks, or other investors, and negotiate the sale of any series of the Revenue Bonds with those underwriters, commercial banks, or investors.
- 7) Undertake to provide continuing disclosure for any series of Revenue Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 8) Apply for ratings for any series of Revenue Bonds.
- 9) Apply for and purchase municipal bond insurance, reserve sureties or other forms of credit enhancements for any series of Revenue Bonds, and enter into related agreements.
- 10) Prepare, finalize the terms of, and execute a new master water system borrowing declaration (the "Master Declaration") which pledges the revenues of the City's water system to the Revenue Bonds, contains covenants regarding the levels of fees and charges that the City must impose for its water system, describes the terms under which the City may issue obligations in the future that are secured by the revenues of the City's water system, describes the Revenue Bonds, and specifies

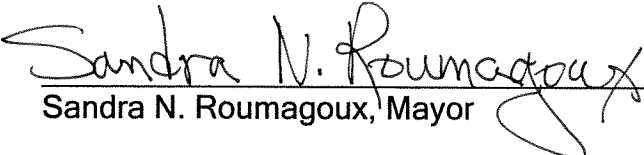
administrative provisions relating to obligations that are secured by the revenues of the City's water system.

- 11) Appoint and enter into agreements with paying agents and other professionals and service providers.
- 12) Determine whether each series of Revenue Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, or is includable in gross income under that code. If a series bears interest that is excludable from gross income under that code, the City Official may enter into covenants to maintain the excludability of interest on that series of the Revenue Bonds from gross income.
- 13) Designate any series of tax-exempt Revenue Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.
- 14) Execute and deliver any agreements or certificates and take any other action in connection with the Revenue Bonds that a City Official finds will be advantageous to sell and issue the Revenue Bonds and carry out this ordinance.

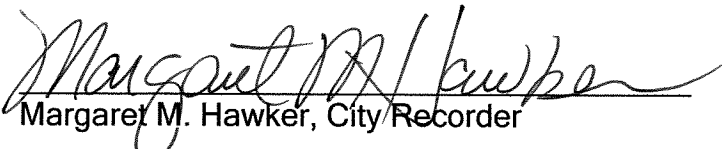
SECTION 5: This ordinance shall be effective 30 days after its adoption by the City Council pursuant to Section 17 of the City Charter unless it is successfully referred.

Adopted by the Newport City Council on September 15, 2014.

Signed by the Mayor on September 16, 2014.

  
Sandra N. Roumagoux, Mayor

ATTEST:

  
Margaret M. Hawker, City Recorder